

**Supplemental Reporting Document
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August 2011 Investment Committee Meeting
(May 2011 Reporting Period)**

Chief Investment Officer's/Chief Operating Investment Officer's Report

Asset Allocation

Performance

California Investments

Disclosure of Closed Session Action Items (No items to report)

TARGET PERCENTAGE COMPARISON ASSET ALLOCATION ¹

As of May 31, 2011

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>Actual Allocation</u> (%)	<u>Target²</u> (%)	<u>Target Range²</u>	<u>Difference (B-C)</u> (%)
Domestic Equity ³	24.5	24.5		0.0
International Equity	<u>27.9</u>	<u>24.5</u>		<u>3.4</u>
Global Equity	52.4	49.0	44-54%	3.4
Domestic Fixed Income	19.3	18.0		1.3
International Fixed Income	<u>1.5</u>	<u>2.0</u>		<u>-0.5</u>
Global Fixed Income	20.8	20.0	15-25%	0.8
AIM	14.2	14.0	9-19%	0.2
Real Estate	7.5	10.0	5-15%	-2.5
Inflation Linked	3.4	5.0	2-5%	-1.6
Cash Equivalents	1.8	2.0	0-5%	-0.2
Total Fund	<u><u>100.0</u></u>	<u><u>100.0</u></u>		

¹ As allocated to managers.

² Asset Allocation Targets approved by Investment Committee in June 2009.

³ Included is MDP Investment: LM Capital Investment: Total Market Value = **\$3.2 million**

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

TARGET DOLLAR COMPARISON ASSET ALLOCATION

As of May 31, 2011

(A) <u>Asset Class</u>	(B) <u>Actual Allocation</u> (\$ Billion)	(C) <u>Target¹</u> (\$ Billion)	(D) <u>Difference (B-C)</u> (\$ Billion)
Domestic Equity ²	58.6	58.5	0.1
International Equity	<u>66.6</u>	<u>58.5</u>	<u>8.1</u>
Global Equity	125.1	117.0	8.1
Domestic Fixed Income	46.0	43.0	3.1
International Fixed Income	<u>3.5</u>	<u>4.8</u>	<u>-1.2</u>
Global Fixed Income	49.6	47.8	1.8
AIM	33.8	33.4	0.4
Real Estate	17.8	23.9	-6.1
Inflation Linked	8.0	11.9	-3.9
Cash Equivalents	4.4	4.8	-0.4
	<hr/>	<hr/>	
Total Fund	<u><u>238.8</u></u>	<u><u>238.8</u></u>	

¹ Based upon Strategic Asset Allocation Target Percentage of total fund, approved by Investment Committee June 2009

² Included is MDP Investment: LM Capital Investment: Total Market Value = **\$3.2 million**

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MONTHLY PROGRESS REPORT

ASSET ALLOCATION ¹

As of May 31, 2011

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	4/30/2011 Actual Allocation (\$ Billion)	5/31/2011 Actual Allocation (\$ Billion)	Difference (C-B) (\$ Billion)	Target ² (\$ Billion)
Domestic Equity ³	58.6	58.6	0.0	58.5
International Equity	<u>69.2</u>	<u>66.6</u>	<u>-2.6</u>	<u>58.5</u>
Global Equity	127.8	125.1	-2.6	117.0
Domestic Fixed Income	45.1	46.0	0.9	43.0
International Fixed Income	<u>3.6</u>	<u>3.5</u>	<u>0.0</u>	<u>4.8</u>
Global Fixed	48.7	49.6	0.9	47.8
AIM	33.1	33.8	0.7	33.4
Real Estate	17.8	17.8	0.0	23.9
Inflation Linked	8.2	8.0	-0.2	11.9
Cash Equivalents	3.6	4.4	0.8	4.8
Total Fund	<u><u>239.2</u></u>	<u><u>238.8</u></u>	<u><u>-0.4</u></u>	<u><u>238.8</u></u>

¹ Monthly progress report toward policy targets.

² Based upon Strategic Asset Allocation Target Percentage of total fund, approved by Investment Committee June 2009

³ Included is MDP Investment: LM Capital Investment: Total Market Value = **\$3.2 million**

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BOOK VS MARKET VALUE

As of May 31, 2011

(A)	(B)	(C)	(D)
<u>Asset Class</u>	<u>Book Value</u> ²	<u>Market Value</u> ³	<u>Difference</u>
	(\$ Billion)	(\$ Billion)	(C - B)
			(\$ Billion)
Domestic Equity ¹	39.6	58.6	19.0
International Equity	<u>57.6</u>	<u>66.6</u>	<u>9.0</u>
Global Equity	97.1	125.1	28.1
Domestic Fixed Income	33.7	46.0	12.3
International Fixed Income	<u>3.3</u>	<u>3.5</u>	<u>0.3</u>
Global Fixed Income	37.1	49.6	12.5
AIM	32.3	33.8	1.5
Real Estate	21.3	17.8	-3.5
Inflation Linked	7.3	8.0	0.8
Cash Equivalents ⁴	4.5	4.4	-0.1
	<hr/>	<hr/>	<hr/>
Total Fund	<u>199.6</u>	<u>238.8</u>	<u>39.2</u>

¹ Included is MDP Investment- LM Capital Investment: Total Book Value=\$3.2 million, Total Market Value=\$3.2 million.

² Total value of assets at cost minus liabilities.

³ Total value of assets at market.

⁴ Currency Overlay Funds are included in Cash value.

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GROSS PERFORMANCE VS EXPECTED RETURNS

One Year
June 1, 2010 to May 31, 2011

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Actual</u> <u>Allocation</u> (%)	<u>Asset</u> <u>Return</u> (%)	<u>CalPERS Long-Term</u> <u>Expected Annual Return</u> ¹ (%)	<u>Expected</u> <u>Standard Deviation</u> ¹ (%)	<u>One</u> <u>Standard Deviation</u> <u>Range</u> (%)
Domestic Equity	24.5	25.6	7.00	15.50	-8.50 - 22.50
International Equity	<u>27.9</u>	30.6	7.00	17.50	-10.50 - 24.50
Global Equity	52.4	28.4			
Domestic Fixed Income	19.3	10.3			
International Fixed Income	<u>1.5</u>	17.4			
Global Fixed Income	20.8	10.8	3.00	6.50	-3.50 - 9.50
AIM	14.2	26.5	10.00	25.00	-15.00 - 35.00
Real Estate	7.5	5.3	6.00	17.00	-11.00 - 23.00
Inflation Linked	3.4	14.5	4.00	5.75	-1.75 9.75
Cash Equivalents	1.8	0.3	1.25	1.50	-0.25 - 2.75
Total Fund	<u>100.0</u>	<u>20.2</u>	<u>8.46</u>	<u>11.40</u>	<u>-2.94 - 19.86</u>

¹ Investment Committee Meeting December 2007

Note: Equity overlay funds are included in International Equity, currency overlay funds are included in Cash and the Global Equity Cash Account is included in Domestic Equity and the Domestic Fixed Income Transition Account is included in Domestic Fixed Income

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

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NET PERFORMANCE VS EXPECTED RETURNS

One Year
June 1, 2010 to May 31, 2011

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Actual Allocation</u> (%)	<u>Asset Return</u> (%)	<u>CalPERS Long-Term Expected Annual Return</u> ¹ (%)	<u>Expected Standard Deviation</u> (%)	<u>One Standard Deviation Range</u> (%)
Domestic Equity	24.5	25.4	7.00	15.50	-8.50 - 22.50
International Equity	27.9	30.6	7.00	17.50	-10.50 - 24.50
Global Equity	52.4	28.3			
Domestic Fixed Income	19.3	10.3			
International Fixed Income	1.5	17.3			
Global Fixed Income	20.8	10.8	3.00	6.50	-3.50 - 9.50
AIM	14.2	26.5	10.00	25.00	-15.00 - 35.00
Real Estate	7.5	3.6	6.00	17.00	-11.00 - 23.00
Inflation Linked	3.4	13.8	4.00	5.75	-1.75 - 9.75
Cash Equivalents	1.8	0.3	1.25	1.50	-0.25 - 2.75
Total Fund	100.0	20.0	8.46	11.40	-2.94 - 19.86

¹ Investment Committee Meeting December 2007

Note: Equity overlay funds are included in International Equity, currency overlay funds are included in Cash and the Global Equity Cash Account is included in Domestic Equity and the Domestic Fixed Income Transition Account is included in Domestic Fixed Income

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GROSS RETURNS
One Year
June 1, 2010 to May 31, 2011

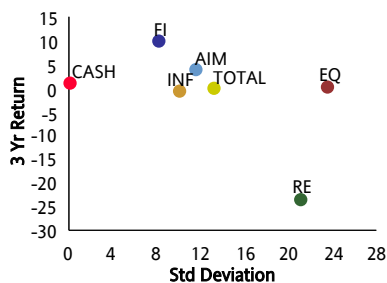
	(A)	(B)	(C)
<u>Asset Class</u>	<u>Reported Gross Return</u>	<u>Expenses</u>	<u>Net Return (A-B)</u>
Domestic Equity	25.57%	0.13%	25.44%
International Equity	30.63%	0.06%	30.57%
Global Equity	28.37%	0.08%	28.29%
Domestic Fixed Income	10.29%	0.00%	10.29%
International Fixed Income	17.42%	0.15%	17.27%
Global Fixed Income	10.76%	0.01%	10.75%
AIM	26.50%	0.01%	26.49%
Real Estate	5.31%	1.71%	3.60%
Inflation Linked	14.46%	0.63%	13.83%
Cash Equivalents	0.29%	0.00%	0.29%
Total Fund	20.18%	0.21%	19.97%

Plan Performance Summary

Gross of Manager Fees

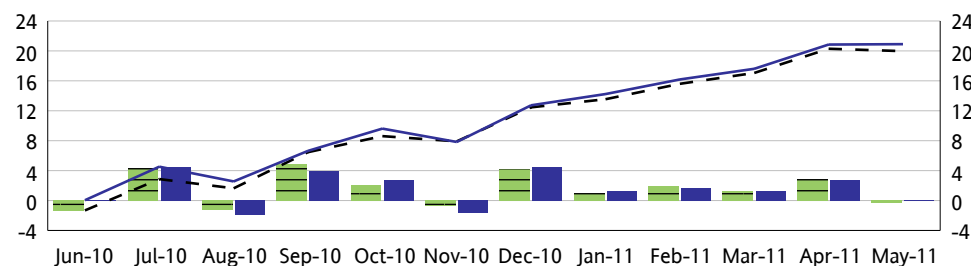


Risk Profile



	Information Ratio	Tracking Error
TOTAL FUND	-1.00	3.71
TOTAL GLOBAL EQUITY	-0.76	1.24
TOTAL INCOME	0.33	4.18
TOTAL AIM	-0.72	15.06
TOTAL REAL ESTATE	-1.31	17.27
TOTAL INFLATION LINKED	-0.66	10.00
TOTAL CASH EQUIVALENTS	2.81	0.01

Cumulative Performance vs Benchmark



■ Total Plan ■ CALPERS POLICY INDEX (DAILY)

Performance Summary

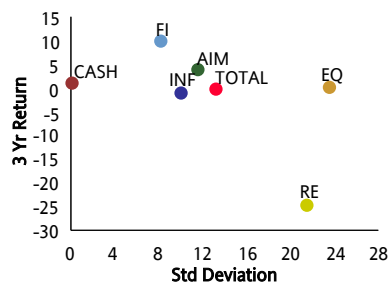
	% of Plan	MKT VAL \$(000's)	1 Month	Quarterly	FYTD	1 Year	3 Year	5 Year	10 Year
TOTAL GLOBAL EQUITY <i>TOTAL GLOBAL EQ EX AIM BENCHMARK (DAILY)</i>	52.4%	125,134,788	-2.06 -2.02	2.09 2.02	32.22 32.04	28.37 28.27	-0.10 0.84	3.64 4.42	4.75 4.97
TOTAL INCOME <i>CalPERS Total GBL Fixed Income Policy (DAILY)</i>	17.4%	41,531,638	1.80 1.73	3.91 3.91	8.27 6.23	10.76 8.93	9.60 8.20	8.68 7.85	7.89 7.19
TOTAL AIM <i>Wilshire 2500 + 300 bps. 1 qtr lag</i>	14.2%	33,803,103	3.69 3.75	11.29 13.86	24.36 19.93	26.50 27.68	3.58 14.38	10.44 15.11	7.78 7.99
TOTAL REAL ESTATE <i>90% NPI+200 BPS / 10% FTSE EPRA NAREIT</i>	7.5%	17,811,482	0.03 0.20	6.47 5.08	10.06 16.48	5.31 17.22	-23.83 -1.21	-9.38 5.42	4.51 8.37
TOTAL INFLATION LINKED <i>CPI+400 BPS 1 MONTH LAGGED</i>	3.4%	8,032,447	-2.37 0.97	1.47 3.13	13.25 6.85	14.46 7.28	-0.95 5.60		
TOTAL CASH EQUIVALENTS <i>PERS CUSTOM STIF NET OF FEES (DAILY)</i>	1.9%	4,529,456	0.02 0.02	0.06 0.05	0.27 0.24	0.29 0.26	0.73 0.69	2.42 2.35	2.47 2.30
OVERLAY + ASSET ALLOC TRANSITION	3.3%	7,937,042							
TOTAL FUND <i>CALPERS POLICY INDEX (DAILY)</i>	100.0%	238,779,955	-0.26 0.04	3.84 4.06	21.76 20.85	20.18 20.90	-0.35 3.35	3.85 5.93	5.53 6.16

Plan Performance Summary

Net of Manager Fees

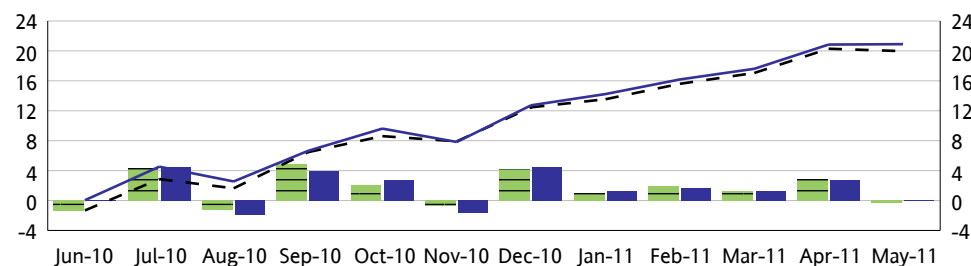


Risk Profile



	Information Ratio	Tracking Error
TOTAL FUND	-1.04	3.75
TOTAL GLOBAL EQUITY	-0.80	1.24
TOTAL INCOME	0.33	4.18
TOTAL AIM	-0.72	15.06
TOTAL REAL ESTATE	-1.34	17.72
TOTAL INFLATION LINKED	-0.70	9.95
TOTAL CASH EQUIVALENTS	2.81	0.01

Cumulative Performance vs Benchmark



■ Total Plan ■ CALPERS POLICY INDEX (DAILY)

Performance Summary

	% of Plan	MKT VAL \$(000's)	1 Month	Quarterly	FYTD	1 Year	3 Year	5 Year	10 Year
TOTAL GLOBAL EQUITY <i>TOTAL GLOBAL EQ EX AIM BENCHMARK (DAILY)</i>	52.4%	125,134,788	-2.06 -2.02	2.08 2.02	32.14 32.04	28.29 28.27	-0.16 0.84	3.58 4.42	4.70 4.97
TOTAL INCOME <i>CalPERS Total GBL Fixed Income Policy (DAILY)</i>	17.4%	41,531,638	1.80 1.73	3.91 3.91	8.26 6.23	10.75 8.93	9.58 8.20	8.67 7.85	7.88 7.19
TOTAL AIM <i>Wilshire 2500 + 300 bps. 1 qtr lag</i>	14.2%	33,803,103	3.69 3.75	11.29 13.86	24.35 19.93	26.49 27.68	3.57 14.38	10.43 15.11	7.76 7.99
TOTAL REAL ESTATE <i>90% NPI+200 BPS / 10% FTSE EPRA NAREIT</i>	7.5%	17,811,482	0.03 0.20	5.83 5.08	8.60 16.48	3.60 17.22	-25.01 -1.21	-11.20 5.42	1.96 8.37
TOTAL INFLATION LINKED <i>CPI+400 BPS 1 MONTH LAGGED</i>	3.4%	8,032,447	-2.37 0.97	1.16 3.13	12.76 6.85	13.83 7.28	-1.36 5.60		
TOTAL CASH EQUIVALENTS <i>PERS CUSTOM STIF NET OF FEES (DAILY)</i>	1.9%	4,529,456	0.02 0.02	0.06 0.05	0.27 0.24	0.29 0.26	0.73 0.69	2.42 2.35	2.47 2.30
OVERLAY + ASSET ALLOC TRANSITION	3.3%	7,937,042							
TOTAL FUND <i>CALPERS POLICY INDEX (DAILY)</i>	100.0%	238,779,955	-0.26 0.04	3.78 4.06	21.57 20.85	19.97 20.90	-0.53 3.35	3.63 5.93	5.31 6.16

CALPERS INVESTMENTS IN CALIFORNIA as of May 31, 2011

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Portfolio Value</u> <u>(\$ millions)</u>	<u>California Investments plus Additional Commitments</u> ¹ <u>(\$ millions)</u>	<u>California Investments</u> <u>(\$ millions)</u>	<u>CA Investment as % of Asset Class (D/B)</u> <u>%</u>	<u>Program Description or Assumption</u>
EQUITY					
Domestic Equity	58,571.0	8,028.7	8,028.7	14	CA investment is approximately 12%
International Equity ²	<u>66,566.3</u>	<u>32.3</u>	<u>32.3</u>	<u>0</u>	
Global Equity	125,137.3	8,061.0	8,061.0	6 %	
FIXED INCOME					
Domestic Fixed Income	46,045.5	4,796.3	4,796.3	10	
International Fixed Income	<u>3,540.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Global Fixed Income	49,585.5	4,796.3	4,796.3	10 %	
AIM					
AIM	33,803.1	5,913.1	3,892.3	12 %	
REAL ESTATE					
Real Estate	17,811.5	5,169.8	4,319.9	24 %	Outstanding commitments (column C-column D/column B): 4.8%
INFLATION LINKED					
Inflation Linked	8,032.4	68.4	68.4	0 %	
CASH / CASH EQUIVALENTS					
Cash / Cash Equivalents	4,410.1	0.0	0.0	0 %	
TOTAL FUND	<u>238,780.0</u> =====	<u>24,008.6</u> =====	<u>21,137.9</u> =====	<u>9 %</u> =====	Outstanding commitments (column C/column B): 10.1%

¹ Total actual investments at market value and outstanding program commitments in California

² International equity includes global funds that may invest globally, which would include investments in the State of California

Note: Due to reporting constraints, the California Investments in Real Estate are as of April 30, 2011.

Due to reporting constraints, the California Investments in Inflation Linked Assets are as of April 30, 2011.

AIM company investments are as of December 31, 2010 and commitments to partnerships focused on California are as of May 31, 2011

When summing net amounts on this report, there may be breakage.